

## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



November 24, 1992

ALL COUNTY LETTER 92-104

TO: ALL COUNTY WELFARE  
DIRECTORSREASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☒ Court Order or Settlement Agreement
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by SDSS

REFERENCE: MPP 42-215.4

On April 6, 1992, the Superior Court (San Francisco City and County) issued a decision in the McKnight v. McMahon case. The Court ruled that Manual of Policy and Procedures Section 42-215.4 is "inadequate with respect to cases where the applicant or recipient disagrees with value established by the county using the Department of Motor Vehicles ("DMV") method of valuation". A copy of the McKnight court decision has been attached for your information.

The purpose of this letter is to inform and instruct the counties about the changes in vehicle evaluation methodology mandated by the McKnight v. McMahon Court decision. All changes in methodology required by the McKnight Court case are to be implemented and established as county procedures no later than 60 days from receipt of this letter.

The McKnight Court decision specifies that counties have the responsibility to determine a reasonable value for an applicant's/recipient's motor vehicle. The counties may continue using the DMV method to establish a vehicle's value, unless that method is shown to be inaccurate. The methods and tools that can be used to determine reasonable value include but are not limited to:

- 1). the current DMV method for establishing value, acceptable unless shown to be inaccurate,
- 2). the wholesale "Blue Book" value,
- 3). bills of sale,
- 4). newspaper advertisements,
- 5). written statements from motor vehicle dealers or appraisers as to value of the vehicle, and
- 6). testimony/sworn statements as to the value of the vehicle and/or condition of the vehicle.

The Court Order contains a clause referring to the methods and tools listed above which states "no one of which shall necessarily be dispositive". This means that the county is not to rely solely on one method (for example, DMV method) if that method does not establish a reasonable value in the face of contrary evidence. Counties are responsible for ensuring an accurate determination of reasonable value.

If the applicant/recipient believes the value of the vehicle established by the county is incorrect, he/she is to be given the opportunity to establish the true value of the vehicle.

The applicant/recipient can provide alternate evidence of the true value of the vehicle in the form of:

- 1). estimates of repair,
- 2). photographs of the vehicle,
- 3). sworn statements as to the condition of the vehicle, or
- 4). any other evidence including advertisements.

If the applicant/recipient is to be denied or discontinued as a result of the county vehicle valuation, a Notice of Action (NOA) will be sent to inform the applicant/recipient of:

- 1). His/her opportunity to furnish evidence of alternate vehicle value if he/she does not agree with the county established value.
- 2). the applicant/recipient's opportunity to appeal the county's valuation through a State hearing.


The NOA must instruct the client about how to request a hearing. Also, all McKnight NOAs will notify the client that free legal help is available at the local legal aid office or welfare rights office.

Notice of Action message language required by the McKnight Court Order has been attached for county use. You must use this language when either making a denial of an application for AFDC or discontinuing AFDC based on excess value of a motor vehicle.

A discontinuance based on excess property is to be rescinded if a recipient provides timely, acceptable proof which shows that the motor vehicle value when added to the assistance unit's other property falls within the AFDC property limits.

The Department of Social Services will follow up on this implementing All County Letter with regulatory material regarding the McKnight Court case at a later date.

If you have any questions about the McKnight Court case or its implementation, please call Mr. Vincent Toolan at (916) 654-1808 or ATSS 464-1808.

  
MICHAEL C. GENEST  
Deputy Director  
Welfare Programs Division

ATTACHMENT

NOTICES OF ACTION

This attachment consists of two revised English language Notice of Action (NOA) message documents for implementation of this package.

LIST OF ATTACHED NOAS, AND INSTRUCTIONS FOR UPDATING THE AFDC NOA HANDBOOK

Handbook Section 6 - NOA MESSAGE DOCUMENTS

- o Insert revised message documents and remove previous versions:
  - o M42-207A - Deny - \$1,000 Property Limit
  - o M42-207B - Discontinue - \$1,000 Property Limit

State of California  
Department of Social Services

Manual Msg. No. : M42-207A  
Action : Deny  
Reason: Property  
Title: \$1,000 Property  
Limit

Auto ID No. : D2307A  
Flow Chart No. :  
Source : McKnight Court  
Order  
Regulation Cite : 42-207.1,  
44-205.4

Form No. : NA290  
Effective Date : 04/01/87  
Revision Date : 11/01/92

Message: The County has denied your application for cash aid  
dated \_\_\_\_\_.

Here's why:

You can't get cash aid if your total countable property is more  
than \$1,000.

Here's how we figure your countable property:

Property                      Countable Value:

_____	\$ _____
_____	_____
_____	_____
_____	_____

Total  
Countable  
Value                      \$ \_\_\_\_\_

- ☐ If the County figured your car or other vehicle was worth  
more than you think it's worth, you can give the County proof  
that it is worth less. Ask the County how. If you can prove  
it is worth less you may get cash aid.

INSTRUCTIONS: Use to deny cash aid when the family's property  
value exceeds \$1,000. Check the box if a vehicle is included in  
the property computation.

State of California  
Department of Social Services

Manual Msg. No. : M42-207B  
Action : Discontinue  
Reason: Property  
Title: \$1,000 Property  
Limit

Auto ID No. :  
Flow Chart No. :  
Source : McKnight Court  
Order  
Regulation Cite : 42-207.1

Form No. : NA290  
Effective Date : 05/01/87  
Revision Date : 11/01/92

Message: As of \_\_\_\_\_, the County is stopping your cash aid.

Here's why:

You can't get cash aid if your total countable property is more than \$1,000.

Here's how we figure your countable property:

Property                      Countable Value:

_____	\$ _____
_____	_____
_____	_____
_____	_____

Total  
Countable  
Value              \$ \_\_\_\_\_

- ☐ If the County figured your car or other vehicle was worth more than you think it's worth, you can give the County proof that it is worth less. Ask the County how. If you can prove it is worth less you may get cash aid.

INSTRUCTIONS: Use to discontinue when the property value exceeds \$1,000. Check the box if a vehicle is included in the property computation.

1 MICHAEL D. KEIS  
2 ROBERT P. CAPISTRANO  
3 SAN FRANCISCO NEIGHBORHOOD  
4 LEGAL ASSISTANCE FOUNDATION  
5 49 Powell Street  
6 San Francisco, CA 94102  
7 Telephone: (415) 627-0200

8 Attorneys for Petitioner/Plaintiff

1nce (4-11-92)  
ENDORSED  
FILED

SAN FRANCISCO SUPERIOR COURT

APR 06 1992

DONALD W. STEINBOCK, Clerk

BY: \_\_\_\_\_ Deputy Clerk

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO

11 JACQUELINE MCKNIGHT,

No. 915 838

12 Petitioner/Plaintiff,

STIPULATION FOR ENTRY OF  
JUDGEMENT AND ORDER

13 vs.

14 LINDA McMAHON, Director  
15 State Department of Social  
16 Services and CALIFORNIA  
17 DEPARTMENT OF SOCIAL SERVICES;  
18 DOES 1-X,

19 Respondents/Defendants.

20 \_\_\_\_\_/  
21 Plaintiff JACQUELINE MCKNIGHT and Defendants LINDA McMAHON,  
22 Director of the State Department of Social Services and CALIFORNIA  
23 DEPARTMENT OF SOCIAL SERVICES, by and through the undersigned  
24 attorneys, hereby stipulate for entry of judgment on plaintiff's  
25 Petition for Writs of Mandate (CCP Sections 1094.5, 526a, WaIC  
26 Section 10962, CCP Section 1085), and Complaint for Declaratory  
27 and Injunctive Relief as follows:

28 1. The current State Department of Social Services  
regulations on motor vehicle valuation for the AFDC program, as  
set forth at MPP Section 42-215.4, are inadequate with respect to  
cases where the applicant or recipient disagrees with the

1 Department of Motor Vehicles method of valuation.

2 II. (a) The current State Department of Social Services  
3 regulations on motor vehicle valuation, as set forth at MPP 42-  
4 215.4, shall be replaced by new regulatory language which mandates  
5 counties to make a reasonable evaluation of a claimant's motor  
6 vehicle. This method of reasonable evaluation may include, but  
7 shall not be limited to, any of the following, no one of which  
8 shall necessarily be dispositive: 1) the current Department of  
9 Motor Vehicles (DMV) method for establishing value, acceptable  
10 unless shown to be inaccurate; 2) the wholesale "Blue Book"  
11 value; 3) bills of sale; 4) newspaper advertisements; 5)  
12 written statements from motor vehicle dealers as to the value of  
13 the vehicle; (6) and testimony/statements as to the value and/or  
14 condition of the vehicle.

15 (b) Where the applicant or recipient believes the current DMV  
16 method for establishing the value is inappropriate when applied to  
17 his or her motor vehicle, s/he shall be given the opportunity to  
18 establish the vehicle's value through estimates of repair,  
19 photographs of the vehicle, sworn statements as to the condition  
20 of the vehicle, or any other evidence including advertisements.

21 (c) If the applicant is unable to establish the value of the  
22 vehicle, it shall be the responsibility of the county to establish  
23 the value of the vehicle. If the applicant/recipient disagrees  
24 with the valuation, s/he may appeal and request a fair hearing.

25 (d) Whenever the county determines that the value of a motor  
26 vehicle causes ineligibility, it shall inform the applicant or  
27 recipient in the Notice of Action denying or discontinuing AFDC,  
28 that the applicant or recipient can offer evidence to show that



1 the property is not correctly valued.

2 (1) In the case of a recipient the county shall  
3 mail a notice of action discontinuing her/his AFDC  
4 benefits informing the recipient of the Department  
5 of Motor Vehicles valuation and the right of the  
6 recipient to provide the County with alternative  
7 proof of the value of the car. If, before the  
8 discontinuance goes into effect, the recipient  
9 provides alternative proof which shows that the  
10 motor vehicle is within the property limitation,  
11 then the discontinuance shall be rescinded or the  
12 recipient restored to aid.

13 (2) All of the notices mentioned in this  
14 subparagraph shall contain the following  
15 information: "You may get free legal help at  
16 your local legal aid or welfare rights office."

17 III. (a) The Defendant shall issue an All County Letter  
18 that includes this order and shall advise the counties regarding  
19 the above described change in the policy concerning the method of  
20 establishing the value of a motor vehicle for the purposes of  
21 determining AFDC eligibility, and shall instruct counties to  
22 comply with these changes until the regulation is formally  
23 amended.

24 (b) The All County Letter shall be completed and sent to  
25 Plaintiff's counsel for comment within 45 days of the date this  
26 order is final. If, within 30 days thereafter, the parties cannot  
27 agree upon the content of the letter, the plaintiff shall have an  
28 additional 30 days within which to move the court for an order

1 resolving the dispute.

2 IV. (a) The defendant shall insert at MPP 42-215.4 as  
3 handbook material an amendment that the current regulation at 4  
4 215.4 has been declared invalid by a judgement in McKnight v.  
5 McMahon. The handbook section will instruct the counties to  
6 comply with this order and shall summarize the relevant parts of  
7 the order.

8 (b) The handbook section shall inform the counties that the  
9 regulation is inadequate in that (1) it fails to allow for  
10 alternative forms of evidence as to the value of the motor vehicle  
11 and (2) it fails to require a county to assist an applicant or  
12 recipient in cases where the Department of Motor Vehicles' method  
13 is not accurate, and where the applicant or recipient is unable to  
14 independently establish the value of the vehicle.

15 (c) The handbook section shall state that methods of  
16 reasonable evaluation used may include, but are not limited to,  
17 any of the following: 1) the current Department of Motor Vehicles  
18 method for establishing value where both the county and the  
19 applicant or recipient agree that such valuation is acceptable;  
20 2) the wholesale "Blue Book" value; 3) bills of sale, 4)  
21 newspaper advertisements; and 5) written statements for motor  
22 vehicle dealers as to the value of the vehicle; and  
23 testimony/statements as to the value and/or condition of the  
24 vehicle.

25 (d) The handbook section shall state that where the  
26 applicant or recipient believes that the current DMV method of  
27 valuation is inappropriate when applied to his or her motor  
28 vehicle, s/he shall be given the opportunity to establish the

1 vehicle's value through estimates of repair, pictures of the  
2 vehicle, sworn statements as to the condition of the vehicle or  
3 any other evidence including advertisements.

4 (e) The handbook section shall instruct the counties to  
5 assist the applicant or recipient in establishing the value of the  
6 vehicle, or if the individual cannot establish the value, the  
7 county shall establish the value with the cooperation of the  
8 applicant or recipient.

9 v. The defendant Director shall set aside the administrative  
10 hearing decision in this matter, dated December 8, 1989, in so far  
11 as it denies the plaintiff eligibility for AFDC and Food Stamps  
12 benefits based upon her inability to provide three (3) appraisals  
13 of the value of her motor vehicle. The Director shall issue a new  
14 decision which finds that the plaintiff's motor vehicle was below

15 those limits necessary for AFDC and Food Stamp eligibility and  
16 which orders the respondent to pay the plaintiff any and all AFDC  
17 and Food Stamp benefits which were denied as a result of the  
18 administrative hearing decision.

19  
20 ///

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22 ///

23  
24 ///

25  
26 ///

1 VI. The defendants shall pay to plaintiff's attorneys a  
2 reasonable attorney fees, the sum to be determined by negotiations  
3 or, in the alternative, by motion to this Court filed within 90  
4 days of the entry of this Order.  
5

6 Daniel E. Lungren, Attorney General  
7 of the State of California

8 Dated: March 20, 1992  
9

By: 

10 ASHER RUBIN  
11 Deputy Attorney General  
12 Attorneys for Defendants

13 Dated: March 21, 1992  
14

15 SAN FRANCISCO NEIGHBORHOOD  
16 LEGAL ASSISTANCE FOUNDATION

By: 

17 MICHAEL D. KEYS  
18 Attorneys for Plaintiff

19 ORDER

20 It is ORDERED, ADJUDGED AND DECREED that the terms and  
21 agreements as set forth in the attached Stipulation for Entry of  
22 Judgement of Plaintiff's Petition for Writ of Mandate and  
23 Complaint Declaratory and Injunctive Relief shall be and hereby  
24 are the Order of this Court.

25 Date: MAR 27 1992  
26

27 EDWARD STERN  
28 PRESIDING JUDGE  
JUDGE OF THE SUPERIOR COURT